

ORDINANCE NO. 023-113

AN ORDINANCE AMENDING ORDINANCE NO. 018-35, AS AMENDED; AUTHORIZING AND MODIFYING A SHORT- TERM BORROWING PROGRAM FOR CAPITAL PURPOSES SECURED BY SALES TAX RECEIPTS; AUTHORIZING THE ISSUANCE, FROM TIME TO TIME, OF OBLIGATIONS SECURED BY SUCH REVENUES IN AN AGGREGATE PRINCIPAL AMOUNT OUTSTANDING AT ANY ONE TIME NOT IN EXCESS OF \$600,000,000 PURSUANT TO SUCH SHORT-TERM BORROWING PROGRAM; AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE SUPPLEMENTAL INDENTURES

WHEREAS, The Chicago Transit Authority (the “Authority”) is a political subdivision, body politic and municipal corporation of the State of Illinois organized and existing under the Metropolitan Transit Authority Act, 70 ILCS 3605 et seq. (the “MTA Act”); and

WHEREAS, Pursuant to Section 12 of the MTA Act, the Authority has the continuing power to borrow money for the purpose of acquiring, constructing, reconstructing, extending or improving its transportation system and to evidence its obligation to repay any money borrowed by issuing its revenue bonds payable solely from the revenues or income or other funds which the Authority may receive and to issue its revenue bonds for the purpose of refunding its bonds at maturity, or prior to maturity pursuant to the redemption provisions pertaining to said bonds; and

WHEREAS, Pursuant to Section 13 of the Local Government Debt Reform Act, 30 ILCS 350 et seq. (the “Local Government Debt Reform Act”), the Authority may pledge as security for the payment of its bonds moneys deposited or to be deposited in any special fund of the Authority; and

WHEREAS, The Authority anticipates the receipt from time to time from the Regional Transportation Authority (the “RTA”) of amounts representing the Authority’s share (in accordance with the Regional Transportation Authority Act, 70 ILCS 3615 et seq. (the “RTA Act”), including Section 4.03.3 thereof) of (i) the tax receipts derived from taxes imposed by the RTA pursuant to the RTA Act; (ii) amounts paid to the RTA by the State of Illinois (the “State”) from transfers to (a) the Regional Transportation Authority Occupation and Use Tax Replacement Fund, (b) the Public Transportation Fund, and (c) the RTA tax fund created by Section 4.03(n) of the RTA Act from the County and Mass Transit District Fund; and (iii) funds derived by RTA from any other source designated by law as a replacement source of funds for all or a portion of the RTA tax receipts described

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in clause (i), or the State payments described in clause (ii) (collectively, the “Sales Tax Receipts”); and

WHEREAS, The Authority has determined that it is necessary and desirable to provide interim financing for certain of the Authority’s capital projects, including projects included in the five-year capital improvement program that the Authority prepares and submits to the RTA in accordance with the RTA Act and other such capital projects designated by the Authority (collectively, the “Capital Projects”); and

WHEREAS, The Authority, pursuant to Ordinance No. 018-35 (the “Original Ordinance”), as amended by Ordinance 019-31 (the “2019 Ordinance” and together with the Original Ordinance, the “Amended Ordinance”), established a short-term borrowing program for the purposes described therein, as modified herein (the “Short-Term Borrowing Program”), pursuant to which the Authority may borrow money for purposes set forth in this ordinance and establish one or more short-term borrowing facilities by entering into one or more credit agreements, note purchase agreements or other borrowing agreements (each an “Agreement”) with financial institutions and to authorize the issuance of debt obligations evidencing such borrowings secured by a pledge of Sales Tax Receipts, all as set forth herein (each a “Note”); and

WHEREAS, Pursuant to a Trust Indenture dated July 1, 2008 by and between the Authority and U.S. Bank National Association, as trustee, securing Chicago Transit Authority Sales and Transfer Tax Receipts Revenue Bonds, as supplemented (the “2008 Indenture”), the Authority has established and maintains the Sales Tax Receipts Fund held by the Authority and established in Section 504 of the 2008 Indenture; and

WHEREAS, Upon satisfaction of the requirements of Section 401 of the 2008 Indenture, the Authority may issue Corporate Purpose Debt Obligations (as defined in the 2008 Indenture) and may provide that a Corporate Purpose Debt Obligation shall be payable from and secured by a pledge of or lien on the Sales Tax Receipts Fund on a parity with the lien on and pledge of the Sales Tax Receipts Fund granted by the 2008 Indenture for the payment of Pension and Retirement Debt Obligations (as defined in the 2008 Indenture) issued under the 2008 Indenture; and

WHEREAS, Pursuant to and in accordance with the provisions of the MTA Act and the Local Government Debt Reform Act, the Authority previously authorized the execution and delivery of a Trust Indenture dated as of March 1, 2010 (the “2010 Indenture”) between the Authority and U.S. Bank National Association, as trustee (the “Senior Trustee”), that (i) provides for the issuance from time to time of the Corporate Purpose Debt Obligations, and to permit the issuance from time to time, after obtaining all necessary Board approvals, of other parity obligations secured by a pledge of or lien on

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the Sales Tax Receipts Fund on a parity with the lien on and pledge of the Sales Tax Receipts Fund granted by the 2008 Indenture as provided in the Senior Indenture; and bonds from time to time after obtaining all necessary approvals of the Chicago Transit Board, (ii) provides for the ability of the Authority to enter into agreements to provide credit support and/or liquidity support for such additional bonds, and (iii) provides for the ability of the Authority to enter into swap agreements and similar hedge agreements pursuant to Section 7 of the Bond Authorization Act, 30 ILCS 305 et seq., the payments of the principal of, premium, if any, and interest on such additional bonds and certain payments under such support agreements and hedge agreements to be payable from and secured by the Sales Tax Receipts on a parity with the Outstanding Bonds (the Outstanding Bonds and any such additional bonds (including additional refunding bonds) and any such agreements collectively the "Parity Obligations") and the Pension and Retirement Debt Obligations to the extent provided in the 2010 Indenture; and

WHEREAS, In accordance with Section 402 of the 2010 Indenture, the Authority may issue Subordinate Indebtedness (as defined in the 2010 Indenture) secured by and payable from moneys and securities held in the Sales Tax Receipts Fund, provided that such Subordinate Indebtedness must be junior and subordinate in all respect to any and all Parity Obligations; and

WHEREAS, In accordance with the provisions of the 2010 Indenture, the Authority has authorized the issuance from time to time pursuant to the provisions of an indenture of Subordinate Indebtedness in the form of second lien bonds and second lien parity obligations; and

WHEREAS, Pursuant to and in accordance with the provisions of the MTA Act and the Local Government Debt Reform Act, the Authority previously authorized the execution and delivery of a Trust Indenture, dated as of January 1, 2017 (the "2017 Indenture"), between the Authority and Zions Bancorporation, National Association (f/k/a Zions Bank, a division of ZB National Association) (the "Second Lien Trustee"), to provide for the issuance from time to time of Subordinate Indebtedness, and to permit the issuance from time to time, after all necessary Board approvals, of other obligations secured by a pledge of or lien on the Sales Tax Receipts Fund subordinate to the 2008 Indenture and the 2010 Indenture (the "Second Lien Obligations"); and

WHEREAS, Pursuant to Sections 501, 502 and 1101 of the 2017 Indenture, the Authority may pledge funds and revenues to specific series of Second Lien Obligations in addition to the pledge of the Available Sales Tax Receipts to such Second Lien Obligations; and

WHEREAS, Pursuant to and in accordance with the provisions of the MTA Act, the Local Government Debt Reform Act, the 2010 Indenture, the 2017 Indenture and the Amended Ordinance, the Authority authorized the execution and delivery of one or more

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supplemental indentures (collectively, a “Supplemental Indenture” and together with the 2017 Indenture as previously supplemented, the “Second Lien Indenture”) between the Authority and the Second Lien Trustee, to provide for the issuance of one or more series of its second lien obligations for the Short-Term Borrowing Program (the “Short-Term Obligations”), as additional bonds under the 2017 Indenture, which Sales Tax Short-Term Obligations may be issued at one time or from time to time and in one or more series, and shall be secured by (i) the Sales Tax Receipts and (ii) income from the temporary investment thereof, as provided in the Second Lien Indenture, and shall be used as set forth in the Amended Ordinance and this ordinance; and

WHEREAS, The Short-Term Obligations may be issued in one or more series; and

WHEREAS, The Authority desires to further amend certain terms of the Amended Ordinance, among other things, (i) to increase the maximum aggregate principal amount of the sum of Short-Term Obligations issued and outstanding to \$600,000,000, and (ii) to extend the period of the authorization provided by the Amended Ordinance; and

WHEREAS, The Authority desires to finance a portion of the costs of the Capital Projects with proceeds of the Short-Term Obligations or other obligations issued subsequent to the issuance of the Short-Term Obligations (collectively “Debt Obligations”); and

WHEREAS, The Internal Revenue Code of 1986, as amended (the “Code”) authorizes the Authority to reimburse itself for capital expenditures that it made for capital improvements from the proceeds of such Debt Obligations, provided that certain requirements set forth in the Code are satisfied and the Authority recognizes that it may incur such expenditures with respect to the Capital Projects (the “Induced Expenditures”) prior to its receipt of the proceeds of any Debt Obligations; and

WHEREAS, The Authority reasonably expects to reimburse all or a portion of any Induced Expenditures with the proceeds of the Debt Obligations; and

WHEREAS, Capitalized terms not defined herein have the meaning ascribed to such terms in the Amended Ordinance; now, therefore:

BE IT ORDAINED BY THE CHICAGO TRANSIT BOARD  
OF THE CHICAGO TRANSIT AUTHORITY:

SECTION 1. Amendment to Section 2(g) of Amended Ordinance. Section 2(g) of the Amended Ordinance is amended and replaced in its entirety as set forth below:

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(g) The authority delegated to the Authorized Officers pursuant to this ordinance with respect to the issuance of Short-Term Obligations pursuant to the Short-Term Borrowing Program shall terminate on December 31, 2033.

SECTION 2. Amendment to Section 4 of Amended Ordinance. Section 4 of the Amended Ordinance is amended and replaced in its entirety as set forth below:

SECTION 4. Maximum Amount and Term. Without further authorization of the Board, the maximum aggregate principal amount of all Short-Term Obligations issued and outstanding under this ordinance at any time shall not exceed Six Hundred Million Dollars (\$600,000,000) (exclusive of unpaid interest and fees). There shall be no increase in the principal amount borrowed hereunder on or after December 31, 2033 beyond the aggregate principal amount outstanding as of such date; provided that any borrowings as of that date may be extended or renewed beyond that date but not to a date beyond December 31, 2034.

SECTION 3. Conflicting Ordinances Amended; Effectiveness of Amended Ordinance. All ordinances in conflict herewith are, to the extent of such conflict, hereby amended to conform to this ordinance. Except as explicitly set forth in this ordinance, the Amended Ordinance remains in full force and effect.

SECTION 4. Severability. If any section, paragraph or provisions of this ordinance shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any remaining provisions.

SECTION 5. Effective Date. This ordinance shall be in full force and effect from and after its passage.

APPROVED:

PASSED:

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Chairman

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Secretary

October 13, 2023

October 13, 2023